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1. Since the spring of 1950, USIA has experienced serious financial difficulties owing to a steady decline to its trade with the satellites. In view of the fact that Moscow refuses to advance hard currency for the purchase of necessary schillings, Soviet directors of USIA have tried various means of relieving this schilling shortage. Finally they hit upon the scheme of setting up retail stores in the Soviet Sector of Vienna and the Soviet Zone of Austria where they could market unsaleable USIA-manufactured goods and cheap surpluses which USIA acquired through compensation agreements.
2. By the end of July 1950 the following USIA retail sales outlets were operating in the Soviet Sector of Vienna:

Vienna II - Siemens-Schuckertwerke, Engerthstrasse
Kaffee Schreyvogel, Praterstrasse

Vienna IV - Karlsgasse 1
Hoyosgasse 2
Wiedner Hauptstrasse
Kaffee Attache, Argentinierstrasse

Vienna XXI - Genochplatz
Kaloderm Building, Leopoldauerstrasse
Jute-Spinnerei, Brunnerstrasse

Vienna XXV - Steinerstrasse 480
(Atzgersdorf)

Other USIA shops were subsequently opened at Vienna XXI, Industriestrasse; Vienna XXIII, Siegesplatz; and in the Budischofsky leather factory in Stadlau. According to recent confidential reports, the Soviets plan to set up about 100 additional retail stores in the Soviet Sector of Vienna, including 30 in the tenth Bezirk. In order to find suitable locations for these stores, they have approached several small shopowners in the Soviet Sector with the proposition that they lease their shops to USIA for a monthly rental of 500 to 3,000

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schillings. The Soviets are also offering these merchants jobs as managers of USIA retail stores at a salary of 1,000 to 2,500 schillings plus a share in the store's annual profits. In Vienna's International Bezirk the Soviets have recently established a retail store in the A. Porr A.G. building, near the Soviet Information Bureau.

3. In addition to the retail outlets which USIA has set up in Vienna, it is reported that a number of these stores are now operating in several communities in Lower Austria, including Waidhofen a/d Thaya, Gross-Siegharts, Allensteig, Korneuburg, Stockerau and Woellersdorf. At the moment, USIA officials are preparing to open a retail store in Gmünd.
4. The Soviets have not confined this retail business activity to Vienna and the Soviet Zone of Austria. A branch of the USIA firm, Altmann & Co., was recently opened in Bludenz, Vorarlberg, French Zone of Austria, and it is rumored that the Soviets also plan to extend their retail shops to Carinthia, British Zone.
5. In general, the prices of food and luxury items on sale in USIA shops average 20 to 30 percent lower than the current Austrian retail prices. Certain commodities for sale in USIA's retail shops are frequently offered at less than current wholesale prices. For example, in July 1950, when Austrian wholesale dealers were selling sugar at 6.30 schillings per kilogram, USIA was charging only 5.60 schillings. At the same time, a kilogram of fat in USIA shops cost 12 schillings, a price from two to four schillings cheaper than the Austrian wholesale prices. Other low-priced commodities for sale in USIA shops include meat, sausage, perfume, liquor, leather goods, and textiles. Following is a price list of items for sale in USIA shops as of July 1950. In some cases these prices still apply:

<u>Item</u>	<u>Quantity</u>	<u>Price in Schillings</u>
Flour	1 kilogram	2.00
Fat	1 kilogram	12.50
Sugar	1 kilogram	5.60
Rice	1 kilogram	6.20
Margarine	1 kilogram	14.50
Candy	1 kilogram	10.00
Rum	1 liter	12.00
Silk	1 meter	13.00
Cigarettes, "Arda"	100	13.50

6. It is reported that in the outlying districts of Vienna the value of liquor, textile, and cigarette sales has greatly exceeded that of foodstuffs and that the majority of the Soviets' customers are USIA employees, who are issued purchasing coupons.

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